



**Glass Art Centric  
Boutique Hotel  
Norfolk, VA**

June 14, 2016

# Glass Art Centric Boutique Hotel Royster Historic Renovation Overview

- Unique hotel in downtown Norfolk, enhancing leisure/tourism appeal
- Capitalizes on Norfolk's distinct identity as the cultural capital of the region
- Brings an additional destination anchor to our urban core
- Helps preserve and breathe new life into an under-invested historic asset

# A Boutique Hotel is ...



- A small, intimate hotel offering high level of service with around 100-150 rooms or less
- Often an independent hotel, with a one-of-a-kind personality
- Modern or contemporary designed conveying a sense of place that reflects the identity of a community
- Often in the heart of a downtown urban setting



# Benefits of a Boutique Hotel

- Provides permanent full-time jobs and direct revenue to the city (real estate taxes, lodging taxes, hotel business/professional/occupational licenses (BPOL), sales tax, restaurant BPOL, restaurant meal, and business personal property)
  - With apartments real estate tax revenue in short term would be nominal as building would be eligible for a tax abatement
- Builds and strengthens competitive advantage of the arts and culture hub of the Commonwealth with renewed focus on leisure and tourism

# Demand Exists for Art Centric Boutique Hotel

- Downtown Norfolk Council's (DNC) 2015 Strategic Plan identified priorities for downtown improvements, policies, and actions to guide the DNC over the next five to seven years.
- Identifies a boutique hotel as a key market opportunity and enhancement for Norfolk

# Renewed Focus on Tourism and Leisure



- Reinforces Norfolk as an urban environment, an arts and cultural hub and a vibrant waterfront community

- Tourism is a major component of the regional economy
- Expanding this sector helps to diversify Norfolk's economy





# SC Royster, LLC's Proposal

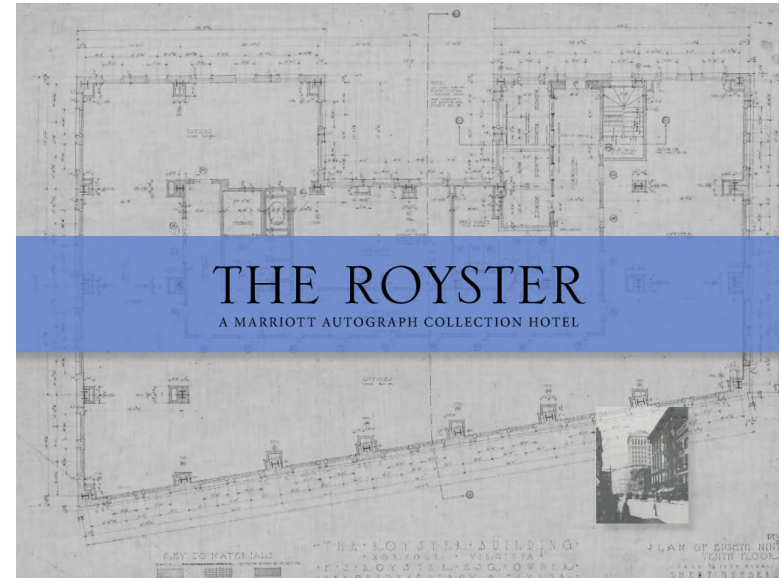
- Creates a boutique luxury hotel and a glass art destination
- Enhances the vibrancy of Granby Street and builds on the city's placemaking efforts



- Places Norfolk in world class company, there are no regional comparisons
- Provides employment opportunities

# Project Overview

- 120 room Autograph Collection Hotel by Marriott
- 4 or 5 star boutique luxury hotel property
- Full renovation of historic Royster Building
- Vibrant public spaces that include a lobby restaurant and rooftop lounge
- Permanent glass art gallery open to the public





# Economic Impact

- \$27 million investment
- 60 permanent jobs
  - 10 Management positions and 50 Full-Time Equivalent Service Jobs
- Direct impact (excluding parking)
  - \$7.6 million during first ten years
  - \$20.4 million during first twenty years

# Transaction Summary

- EDA staff negotiated sale of building between NRHA and SC Royster, LLC
- EDA enters into a 15 year Revenue Sharing Performance Agreement (RSPA) at an average of 39 percent or \$333,333

	<u>Year 1</u>	<u>Over 15Years</u>
Estimated Tax Receipts Per Year	\$640,000	\$13,300,000
Estimated EDA Grant Payment	\$333,333	\$5,000,000
Net City Revenue	\$303,667	\$8,300,000

- No City guaranty required
- If hotel does not succeed, RSPA terminates

# City Council Actions

- City Council considers Cooperation Agreement with the EDA for a RSPA on tonight's docket
- Recommended approval
- Consideration of a parking agreement similar to other downtown hotels at a later date